

INVESTMENT POLICIES AND PROCEDURES
(Rules and Regulations)
OF THE
ARKANSAS TEACHER RETIREMENT SYSTEM

INVESTMENT POLICIES AND PROCEDURES (Rules and Regulations)

STATEMENT OF INVESTMENT POLICY

~~The *PURPOSE* of the Teacher Retirement System is: to provide an orderly means whereby employees of the participating employers who have attained retirement age may be retired from active service, to enable such employees to accumulate reserves for themselves and their dependents and to provide for old age, death and termination of employment.~~

~~Monies of the System shall be invested to achieve the investment *OBJECTIVE* that is to make the monies as productive as possible.~~

~~*THE STANDARD OF INVESTMENT* for the Director and Board of Trustees of the assets of the fund is: investing and reinvesting monies in the fund and in acquiring, retaining, managing and disposing of investments of the fund there shall be exercised "the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims."~~

~~With the preceding purpose, objective, and standards in mind, investment *GOALS* will be established to guide the Director, and investment counsel. Goals will be directed at achieving, over a period of years, the actuarial interest assumption rate of the System, with due consideration being given to preservation of capital and its purchasing power, and to maintaining the element of risk at a prudent level.~~

~~Available funds should be invested to achieve a total return level necessary to maintain the fiscal soundness of the fund and to achieve the actuarial reserve requirements within the standards set forth above.~~

~~In order for the Board of Trustees to achieve the purpose, objective, standards and goals of the Fund, Investment Counsel (Investment Managers) and an Investment Consultant or Consultants will be retained. Investment Counsel will provide general economic information, as well as recommendations, on specific investments. Investment Counsel will at all times be responsible for the development and articulation of investment strategy, which will be a topic in each of its quarterly reports to the Board of Trustees. The Board's acceptance of the quarterly report of Investment Counsel shall constitute~~

~~Board approval of investment strategy for the next quarter. In each of its follow-up letters on specific investment recommendations (Item D of Procedures for Investment Counsel), Investment Counsel shall justify each specific recommendation and its relationship to investment strategy approved by the Board of Trustees at the prior regular meeting. The Investment Consultant or Consultants will provide advice on investment results of the Fund using such techniques as market valuation, time weighted rates of return, comparison with capital market indices and/or other relevant measures.~~

~~At the time of issuing this Statement of Investment Policy, the actuarial interest rate assumption utilized by the System is 8%. It is the desire of the Board of Trustees that the investment of the funds of the System will achieve a total return that will exceed the interest rate assumption, preserve the purchasing power of the assets and, in addition, produce earnings that may reduce the cost of the Retirement System to the participating employers or provide additional funds so that improvements in the System benefits may be adequately funded. While there can be no assurance that these desires can be achieved, the intent of the Board of Trustees is that by careful selection of individual securities and by constant supervision of the investment portfolio, the long-term value of the funds of the System will be enhanced and the stated goals will be achieved.~~

~~The Board of Trustees is sensitive to its responsibility to see that funds of the Teacher Retirement System are invested wisely, prudently and at a rate of return that will support the financial objectives of the System. However, the Board realizes that it would be impractical, if not impossible, of it to make all the investment decisions that are necessary in the management of a large trust fund.~~

~~Therefore, the Board, pursuant to authority vested in it by Section 3.04(c) of Act 427 of 1973 as amended, delegates to the Executive Director the authority to purchase, hold, assign, transfer or sell common and preferred stock, government bonds or notes, federal agency securities, corporate bonds or other securities permitted under Section 1 of FAct 412 of 1985 as amended. The Board by resolution dated November 10, 1993, delegates to the Associate Director Investments in the absence of the Executive Director, the authority to purchase sell, assign and endorse for transfer securities held in the name of the system. Investments in mortgages or in bank capital notes shall have specific approval by the Board before the investments are made. The Board delegates to the Executive Director authority to make short term investments that are consistent with strategy adopted by the Board and with the general recommendations of Investment Counsel.~~

~~Through written and oral reports by Investment Counsel, the Investment Consultant or Consultants and by either the Executive Director or Associate Director Investments, the Board shall insure that all investments made under this delegation of authority are in conformity with Section 1 of Act 412 of 1985 as amended and with the investment policies and procedures of the System.~~

~~Investment Counsel shall observe the following limitations and guidelines subject to the Prudent Investor Rule as amended by Act 412 and Act 1009 of 1985:~~

PRUDENT INVESTOR RULE. ~~The prudent investor rule, as interpreted and defined by the Federal Employee Retirement Income Security Act (ERISA) of 1974, as amended, and regulations promulgated pursuant thereto, shall be applied by each party serving in a fiduciary capacity for the respective retirement systems. The prudent investor rule means that in making investments the fiduciaries shall exercise the judgment and care, under the circumstances then prevailing, which an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation but~~

in regard to the permanent disposition of funds, considering probable safety of capital as well as probable income.

ASSET ALLOCATION POLICY

It shall be the goal of the Teacher Retirement System to maintain the following asset allocation ranges:

<i>Asset Category</i>	<i>Minimum</i>	<i>Target</i>	<i>Maximum</i>
Domestic Equity	35%	40.0%	60%
International Equity	0%	17.5%	25%
Domestic Fixed Income	10.0%	25.0%	40%
Alternatives*	0%	10%	17%
Timberland	0%	1.5%	3.0%
Arkansas Related	5%	5.0%	10%
Cash Equivalents	0%	1.0%	10%

*In determining the asset allocation for Alternatives, the actual invested amount not the commitments, is applicable; however, the maximum invested amount is the target amount for commitments due to the return of invested asset prior to the full draw down of commitments and a 5% residual factor.

Goals and Guidelines

The overall goal will be directed at achieving, over a period of years, the actuarial interest assumption rate of the System with due consideration being given to preservation of capital and its purchasing power and to maintaining the element of risk at a prudent investor level.

Goal for Equity Investment

The goal for the investment of retirement system funds invested in the equity segment of the capital markets shall be to achieve a total rate of return which will exceed the rate of inflation and substantially outperform pertinent indices and peer groups over a full market cycle (approximately 5 years). The concern of the Trustees is maintaining the growth of purchasing power of assets allocated to the market sector.

Equity Investment Strategy and Implementation

In accordance with prudent investment practice, the ATRS has adopted a multiple manager equity investment philosophy to increase diversification and enhance total rate of return. The success of the goals for each manager and the aggregate portfolio will be measured against the investment objectives described in *Goals for Aggregate Equity Investment*.

The ATRS Trustees will be responsible for an annual allocation of assets between the different investment styles of Investment Counsel, to maintain a prudent level of risk and volatility and allow for future growth. An annual asset allocation study will be provided by the Investment Consultant or Consultants.

Goal for Aggregate Equity Investment

The goal for the investment of Retirement System funds invested in the equity segment of the capital markets shall be to achieve a total rate of return which will exceed the rate of inflation and substantially outperform pertinent indices and peer groups over a full market cycle (approximately 5 years). The concern of the Trustees is maintaining the growth of purchasing power of assets allocated to this market sector.

Goals for Individual Equity Managers

The goal for large cap value oriented investment managers shall be to achieve a minimum total rate of return which will exceed the rate of inflation and outperform on an absolute and risk adjusted measure the Standard and Poor's 500 Index and the Russell 1000 Index and exceed the median manager from comparative equity Large Cap Value Style Universes over a full market cycle (approximately 5 years).

The goal for the growth oriented investment managers shall be to achieve a minimum total rate of return which will exceed the rate of inflation and outperform on an absolute and risk adjusted measure the Standard and Poor's 500 Index and the Russell 1000 Growth Index and exceed the median manager from comparative equity Large Cap Growth Style Universes over a full market cycle (approximately 5 years).

The goal for mid cap oriented investment managers shall be to achieve a minimum total rate of return which will exceed the rate of inflation and outperform on an absolute and risk adjusted measure the Standard and Poor's 500 Index and the Russell Mid Cap Value or Growth Index and exceed the median manager from comparative equity Value or Growth Style Universes over a full market cycle (approximately 5 years).

The goal for small cap oriented investment managers shall be to achieve a minimum total rate of return which will exceed the rate of inflation and outperform on an absolute and risk adjusted measure the Standard and Poor's 500 Index and the Russell 2000 Index and exceed the median manager from comparative equity Value or Growth Style Universes over a full market cycle (approximately 5 years).

The goal for fully diversified international investment managers shall be to achieve a minimum total rate of return which will exceed the rate of inflation and outperform on an absolute and risk adjusted measure the Standard and Poor's 500 Index and the EAFE Market Cap Index and exceed the median manager from comparative equity International Style Universes over a full market cycle (approximately 5 years).

The goal for emerging markets international investment managers shall be to achieve a minimum total rate of return which will exceed the rate of inflation and outperform on an absolute and risk adjusted measure the Standard and Poor's 500 Index and the MSCI Emerging Markets Free Index and exceed the median manager from comparative equity International Style Universes over a full market cycle (approximately 5 years).

Guidelines for Equity Investments

~~The statutes (Section 1 of Act 412 of 1985 as amended) will be the guidelines for the equity investment; however, it will be the responsibility of each investment manager to manage his exposure of assets to the equity market on an ongoing basis. It is not the intent of the ATRS to evaluate a manager on his ability to time the equity market but only to evaluate the use of cash as a vehicle to enhance long term returns. Ability to manage the asset allocation between equities and cash equivalent investments will be evaluated over a full market cycle (approximately 5 years).~~

Goal for Fixed Income Investments

~~The goal for fixed income investments will be to maintain a high degree of consistency of total investment return. It is the further goal of the Trustees to reduce the volatility of the principal value of the fixed income investments while maintaining a total investment rate of return, which is consistent with the stated objectives of the entire Arkansas Teacher Retirement System Fund.~~

Guidelines for Fixed Income Investments

~~The Arkansas statutes will be the guidelines for the fixed income. The Trustees wish to maintain high quality fixed income investments in the following fixed income securities:~~

- ~~1) U.S. Government and Agency obligations or their proxies;~~
- ~~2) Debt obligations of U.S. corporations including but not limited to marketable bonds, debentures, convertible securities, medium term notes, commercial paper, private placements for which there is an active secondary market;~~
- ~~3) Mortgage backed securities and collateralized mortgage obligations;~~
- ~~4) Asset backed securities;~~
- ~~5) Yankee bonds;~~
- ~~6) Limited partnerships investing in debt instruments, including mezzanine finance, and~~
- ~~7) Other such debt instruments deemed prudent by the investment manager, the Investment Committee and the Board. Investments in collateralized mortgage obligations~~

~~shall not be leveraged investment vehicles, interest only strips, principal strips, inverse floaters, super floaters, jump Z bonds or other illiquid mortgage obligations.~~

Investment Strategy and Implementation

~~The strategy of the Fixed Income Investment Manager is to provide the System with high total return (income plus capital appreciation) from fixed income investments within the fixed income guidelines stated previously. Fixed income securities are to be selected and managed to assure an appropriate balance in qualities and maturities consistent with current domestic and international market and economic conditions.~~

~~The investment manager may use duration at their discretion (consistent with the type for which they were hired) in order to take advantage of fixed income opportunities that may exist in order to provide additional return from declining interest rates and protection during raising interest rates.~~

~~Principal and coupon payments are to be reinvested at the current interest rate so that over the life of the fixed income portfolio a consistency of total investment return will be achieved.~~

~~All fixed income investments are to be limited to instruments of companies and institutions that are credit worthy in the opinion of the investment manager. Ratings generated by the credit rating agencies are not to be taken for granted. Intensive financial analyses should be performed on all investments prior to committing the assets of the fund and frequent reviews should be undertaken after the instrument is contained in the portfolio. (Board approved 2/10/98)~~

~~It is the responsibility of the investment manager, other than the convertible bond manager(s), to maintain the quality at the average rating of A or better and to advise the sale of any security which in the investment manager's judgment is in jeopardy of being downgraded. Securities rated below B- or B3 may not be held in the portfolio. (Board approved 8/11/98)~~

~~The investment manager(s), subject to the restriction of the paragraph above may invest up to 20% of their portfolios in securities which are non-rated or rated below the four highest rating classifications by a nationally recognized rating service. (Board approved 8/11/98)~~

~~The investment manager shall also invest in sectors that offer attractive yield spreads versus other sectors of the fixed income market, i.e. which sector (U.S. Government, corporate, mortgage and others) offers the best value at the time of purchase.~~

Mortgages (Arkansas-Related Loans)

~~A) The total principal amount held by the Teacher Retirement System shall not exceed 20% of the total investment holdings of the System.~~

~~B) All mortgage loans shall be first mortgages on property located in Arkansas.~~

~~C) Mortgage investments shall not be made in excess of eighty percent (80%) to value or cost whichever is less, unless insured or guaranteed by an agency of the Federal Government or by a private mortgage insurance company authorized to insure loans purchased by the Federal Home Loan Mortgage Corporation.~~

~~D) Mortgages other than single family residences must be submitted through an approved Arkansas financial institution or mortgage banking firm and be accompanied by a current financial statement of the proposed mortgagor, prepared by a member of the American Institute of Certified Public Accountants, and an appraisal prepared by an approved state licensed appraiser.~~

~~E) Mortgage servicing agreements may be entered into with commercial banks and mortgage banking companies at competitive rates with mortgage services.~~

~~F) Mortgage investments shall be made only after affirmative recommendation by a Board approved Investment Advisor and approval of the Board of Trustees.~~

Bank Capital Notes

~~A) At no time shall the System have invested more than \$3 million of its assets valued at cost in bank capital notes.~~

~~B) Bank capital notes shall not be subordinated to any other debt of the bank that would be classified as capital except first mortgages on bank property that may exist prior to the time of issue.~~

~~C) Bank capital notes of a single financial institution shall be limited to no less than \$500,000 and to no more than \$2 million.~~

~~D) Investment Counsel shall issue an affirmative recommendation prior to purchase of bank capital notes.~~

~~E) All purchase of bank capital notes shall have prior approval by the Board of Trustees.~~

Short-Term Investments

~~A) Short-term investments managed in-house may include, but are not limited to, government securities, repurchase agreements, which are collateralized by securities issued by the Federal Government or an agency of the Federal Government, and have a current market value of no less than 100% of the System's investment in repose, certificates of deposit, savings accounts, Commercial Paper of eligible corporations rated A1-P1, bankers' acceptances in an amount not to exceed the capital funds, represented by capital, surplus, and undivided profits, of financial institutions that are insured by an agency of the Federal Government, or mutual fund accounts that are backed by securities that are backed by the full faith and credit of the United States government.~~

~~B) Consideration should be given to safety, liquidity needs and rate of return when considering short-term investments.~~

Small Business Administration Loans

~~The Teacher Retirement System may invest up to \$10,000,000 in the U.S. Government guaranteed parts of U.S. Small Business Administration loans subject to the following conditions:~~

~~A) That the Teacher Retirement System will purchase only the U.S. Government part of any loan.~~

~~B) That loans must be made to small businesses located in Arkansas.~~

~~C) That the maximum maturity of any loan purchased will be ten (10) years. The average maturity of such loans is expected to be 7 to 8 years.~~

~~D) That the rate of return to ATRS will be at least 3/4% more than U.S. Treasuries of the same maturity are being priced to yield at the time each loan is purchased.~~

~~E) That the SBA agrees to repurchase any loan on which there is a default on principal and interest payments, unless such loan is repurchased by the bank that sold it to the Retirement System.~~

~~F) That the Step-by-step Procedure for Guaranty Sale to Pension Fund that was distributed to members of the Board will be adhered to in the administration of this program.~~

Certificates of Deposit

~~The Teacher Retirement System may invest up to \$40,000,000 in insured certificates of deposit of Arkansas financial institutions subject to the following conditions:~~

~~A) FDIC Insurance. Implementation of this program is dependent upon the Teacher Retirement System receiving from the Legal Counsel for FDIC acceptable written assurance that deposits made will be covered by FDIC insurance in the amount of each member's individual account in the fund up to a maximum of \$100,000.00 per member, and that records of the System satisfy FDIC requirements for insurance coverage. The eligibility of a depository institution to receive deposits under this program will be subject to such institution meeting all requirements for FDIC insurance and its issuance of a Certificate of Deposit in accordance with FDIC Regulation 330.1 governing insurability of pension trust fund accounts.~~

~~B) Amount of Participation. The \$40,000,000 authorized for this program is a maximum authorization that can be increased only by action of the Board of Trustees.~~

~~The amount actually invested under this authorization from time to time will be determined by the Investment Committee with the advice of Investment Counsel. Decisions of the Committee will be based on:~~

- ~~1) The amount of money that the System has available for fixed income investments~~
- ~~2) Rates of return available from this program compared with other investment opportunities~~
- ~~3) The amount that the System needs to invest in Arkansas to satisfy the requirements of Act 412 of 1985.~~

~~C) Credit Line. If the demand for funds exceeds the amount that the System is prepared to invest, the amount to be deposited in each depository institution will be determined by use of the formula used by the State Board of Finance in the allocation of State Funds, except that in no case will the maximum deposited in any institution be allowed to exceed fifty percent (50%) of the adjusted equity account of the Depository Institution.~~

~~D) Rates of Return. CD rates will be indexed off the U.S. Treasury Bill rate for the desired maturity at the time the money is offered for deposit. The rate will not be less than the bond equivalent Treasury yields.~~

~~E) Maturity schedules up to a maximum of seven (7) years will be set by the System when funds are made available.~~

~~F) Interest will be due and payable semi-annually. Interest will be calculated on a 365-day basis.~~

~~G) Funds must be invested in Arkansas. Each depository institution receiving funds under this program will be required to agree in writing that such funds will be used for First Mortgage Home Loans, Home Improvement Loans, Consumer Loans, Business, Commercial, Industrial or Agriculture Loans within the Institution's commonly known "trade area". Funds invested in this program may not, in any manner, be used by a Depository Institution for lending outside the State of Arkansas.~~

~~PROCEDURES FOR INVESTMENT COUNSEL~~

~~A. The Board shall have full power to invest and reinvest the monies of the System and to hold, purchase, sell, assign, transfer or dispose of any investments so made, as well as the proceeds of such investments and such monies, provided no investment shall be made by the Board until it has received the advice of its Investment Counsel. Pursuant to A.C.A. 24-3-410, the Board of Trustees will retain such Investment Counsel to provide advice for any or all investments made by the System. In no event will the Director of the System invest funds belonging to the System without the advice of the Investment Counsel who is under contract to provide such advice.~~

~~B. The Board of Trustees may employ professional Investment Counsel in either an advisory only capacity or as a money manager with authority to execute transactions. If the Board chooses the latter method of asset management, the funds of the System shall be invested and reinvested in accordance with the following procedures:~~

- ~~1. From time to time the Board shall formulate the policy to be followed in future investment activity. Investment policy shall be reviewed and changed or reaffirmed at least once annually;~~
- ~~2. Investment Counsel shall have full power to hold, purchase, sell, assign, transfer, or dispose of any of the monies or investments of the System pursuant to the provisions of this subchapter and in accordance with the current investment policy filed with the Board;~~
- ~~3. The monies of the System allocated to the Investment Managers shall be actively managed by the Investment Managers, which may include selling investments and realizing losses if such action is considered advantageous to longer term return maximization;~~
- ~~4. The System shall manage those monies not specifically allocated to investment managers;~~
- ~~5. At least semi-annually, the Investment Counsel shall file with the Board a written report setting forth, for the period since its last report, all investments purchased and sold, all receipts and disbursements, and any other transactions concerning System monies;~~
- ~~6. At each regular meeting the Board shall examine each written report received from the Investment Advisor since the last regular meeting; and~~
- ~~7. Anything in this section to the contrary notwithstanding from time to time the Board may direct a specific investment activity and shall be fully responsible for any such direction.~~

~~C. Investment Counsel will make specific recommendations on long term investments in stocks and bonds. Specific recommendations may take the form of buying and selling programs. The Investment Manager may substitute purchases or sales of other bonds for specific recommendations in a buy and sell program subject to approval of Investment Counsel.~~

~~D. Investment Counsel shall be aware of and operate within the Statement of Investment Policy, this Statement of Procedures, and Act 412 and 1009 of 1985.~~

~~E. Recommendation by the Counsel for portfolio changes will be made by a confirmation letter that sets out the specifics of the recommendation. The letter should be mailed to the system within thirty (30) days.~~

~~F. The Investment Counsel will report in person to the Board of Trustees on a quarterly basis.~~

~~G. Investment Counsel will provide a list of assets with cost and market value comparisons monthly.~~

~~H. Investment Counsel shall:~~

~~1. Provide a monthly letter (1-2 pages) to the individual Trustees and the Director discussing the month's activity, highlights, unusual situations, and whatever else may be necessary to provide a brief overview of the Investment Counsel's portfolio; notify the Board and the Director in writing of any material change in strategy.~~

~~2. Provide a quarterly letter to the individual Trustees who request it, as well as the Director, and a written and oral report at the appropriate Board of Trustees meeting. Written and oral reports should contain whichever of the following as are necessary to enable the Board of Trustees to be aware of the Investment Counsel's portfolio make up, portfolio activity, and anticipated action:~~

~~a) Economic overview~~

~~b) Review of recent and anticipated investment activities~~

~~c) Analysis of major changes that have occurred since the last report~~

~~d) Comments on the general condition and anticipated action of the securities market~~

~~e) Approximate current income yield of the portfolio at reporting date~~

~~f) Present portfolio strategy as relates to stock/bond ratio and changes likely to occur in the following quarter~~

~~3. Counsel will advise the Board in writing of changes in key personnel, ownership, and any changes in bonding and fiduciary liability insurance coverage.~~

Loaning of Securities

~~In order to increase investment income with minimal risk, the Board of Trustees may loan bonds, stocks, or other securities, but only if, at the time the loan is executed, at least 102% of the full market value of the security loaned shall be collateralized by cash or securities.~~

~~At all times during the term of each loan, the collateral shall be equal to not less than 100% of the full market value calculated on the total value of all securities on loan.~~

PROCEDURES -- PURCHASING AND SELLING OF CORPORATE BONDS AND STOCKS

~~A. Delegation of Authority to execute specific investment transactions~~

- ~~1. Pursuant to authority vested in it by A.C.A. 24-3-410 the Board of Trustees of the Teacher Retirement System, in a quarterly meeting on February 9, 1993, voted to authorize its Investment Counsel for equities, to execute specific equity investment transactions for the System.~~

ROLE OF INVESTMENT CONSULTANT

~~The responsibilities of the designated Investment Consultant or Consultants with respect to the Board of Trustees and Director, shall be to:~~

- ~~A. Assist the Board to develop, and from time to time change its Investment Policy Statement due to broad economic and/or statutory changes in the State of Arkansas.~~
- ~~B. Develop portfolio strategies and plan for portfolio growth.~~
- ~~C. Assist the Board in selection and control of Investment Counsel.~~
- ~~D. Monitor the investment performance of Investment Counsel.~~

PROCEDURES FOR EMPLOYING INVESTMENT COUNSEL

- ~~1. The Board of Trustees shall designate the type of Investment Counsel to be employed.~~
- ~~2. The Investment Consultant will compile a list of the top twenty (20) firms in the type of Investment Counsel designated by the Board.~~
- ~~3. The Investment Consultant, and a committee composed of the Executive Director and other staff members designated by the Executive Director, known as the Screening Committee, shall determine the firms on which the Investment Consultant will conduct due diligence.~~
- ~~4. The Investment Consultant and the Screening Committee will select five (5) firms to be interviewed by the Investment Committee.~~
- ~~5. The Investment Committee shall interview the firms and select one (1) firm to recommend to the Board of Trustees.~~

PAYMENT OF INVESTMENT COUNSEL FEES

- ~~1. In addition to the various retirement systems funds established as trust funds in the State Treasury, a bank trust fund or funds may be established and maintained in such depository bank or banks as may be designated by the boards of trustees of the respective retirement systems.~~
- ~~2. Each bank fund shall consist of and there may be deposited in the fund:~~

- ~~a) Any and all employer contributions, including any interest;~~
- ~~b) Any and all employee contributions, including any interest;~~
- ~~c) Interest, dividend, and other incomes realized from investments and reinvestments;~~
- ~~d) Interest earned upon any moneys in the fund; and~~
- ~~e) Such other proceeds as may be derived from the sale, exchange, redemption, transfer, or disposition of any securities or investments.~~

~~3. The following disbursements may be made from the bank funds:~~

- ~~a) Payments for any and all securities and investments, the purchase of which is authorized by law, which may include principal, accrued interest, commission, taxes, and fees;~~
- ~~b) Payments for money manager and custodian bank fees;~~
- ~~c) The deposit to the appropriate State Treasury fund for the payment of annuities and refunds as authorized by law that are paid on vouchers issued by the respective retirement systems and on warrants issued thereon by the Auditor of State;~~
- ~~d) The payment of annuities and refunds as authorized by law that are paid on cash fund vouchers issued by the respective retirement systems and on checks or wire transfers issued from bank funds; and~~
- ~~e) The deposit to the appropriate State Treasury fund for payments of salaries, maintenance, and operating expenses of the retirement systems supported from investment earnings.~~

